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A Digital Audio Buyer's Guide

An overview and resource for planning and buying digital audio advertising

APRIL 2015

This document has been developed by the IAB's Digital Audio Committee.

Special thanks to the following for their help in drafting this paper: Doug Sterne of Pandora, Mike Agovino of PodcastOne (formerly Triton Digital), Les Hollander of Spotify, Mitchell Halfen of CBS Interactive, Rick Ducey of BIA/Kelsey, Benjamin Masse and Mike Reznick of Triton Digital, Bret Kinsella and Ian Bates of XAPPmedia, David Kert of TargetSpot, Elias Roman and Cheryl Jasper of Songza/Google Play, Rockie Thomas of Adswizz, and Todd Goldberg of iHeartMedia. The development of this paper was led by Luke Luckett, Projectize Media, acting as a consultant for the IAB.

About the IAB Digital Audio Committee

The IAB's Digital Audio Committee aims to establish industry guidance by creating standards and best practices that bring clarity to the Digital Audio marketplace. The Committee strives to educate marketers and agencies on the value of Digital Audio as a powerful and effective advertising medium.

Committee Co-Chairs: Doug Sterne, Pandora and Mike Agovino, PodcastOne (formerly Triton Digital)

IAB Digital Audio Committee Members

Abacast	ESPN.com	RAIN Enterprises
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ABC TV Network	Flurry	RUN
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AdLarge Media	iHeartMedia	SAS Institute
Adswizz	Libsyn	Slate
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CMG Digital	PodcastOne	Westwood One
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Disney Interactive	PROXi Digital	XAPPmedia
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About the IAB

The Interactive Advertising Bureau (IAB) empowers the media and marketing industries to thrive in the digital economy. It is comprised of more than 650 leading media and technology companies that are responsible for selling, delivering, and optimizing digital advertising or marketing programs. Together, they account for 86 percent of online advertising in the United States. Working with its member companies, the IAB evaluates and recommends standards and practices and fields critical research on interactive advertising. The organization is committed to professional development, elevating the knowledge, skills, and expertise of individuals across the digital marketing industry. The IAB also educates marketers, agencies, media companies and the wider business community about the value of interactive advertising. Founded in 1996, the IAB is headquartered in New York City.

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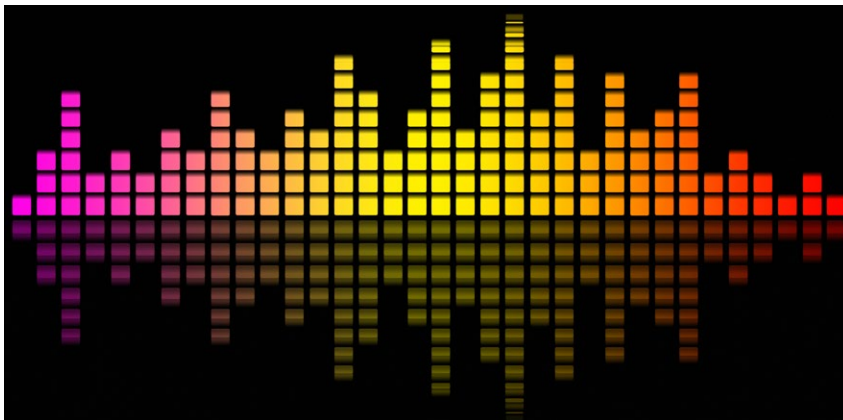carl@iab.net

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Introduction

As babies, listening is one of the first activities we engage in. Our mother's voice, our father's laugh, and the sounds of the world for the first time ground us in familiarity, informing our emotions and binding them to what we interpret through sight and touch. For most of us, audio builds the soundtrack to our lives.

The world of audio – news and entertainment, music and talk – has changed dramatically in the past 15 years. Shifts in the music industry have changed the way artists and labels produce and promote music. Advancing technologies have broken many cost barriers, allowing anyone with tools and talent to produce and distribute original content. Accessible data aids content producers in creative choices, formats and delivery. And the consumer, who demands access to content on any device at any time, has inspired a revitalized audio experience that's increasingly personal, impactful and on-the-go.

Brand marketers have long understood the power of audio to connect with audiences. Whether it's music, news, sports, political talk or just the comfort of a friendly voice, audio retains its relevance today by taking advantage of digital delivery to give far greater choice, control and customization to the listener. The result is a highly personal and exclusive advertising experience that creates a natural opportunity for brand alignment.

The unprecedented speed with which connected mobile devices have proliferated over the last few years is having a profound impact on consumer consumption of audio content. Radio has primarily been a "mobile" medium given its dominant historical in-car usage. Digital audio's mobile ascendency began by adding new listening contexts. With the advent of "earbuds", consumers were given the freedom to listen during an array of activities traditionally void of audio companionship. The growth trajectory has increased as historical audio contexts, like in-office and at-home, have been disrupted by simple to use and more personalized experiences delivered through a broad variety of devices and distribution channels, all with far less advertisements. Most recently, digital audio has gained traction as an in-vehicle choice and consumers are finding connected technology as a key pricing differentiator in the automobile market. Simply put, in-car access leads to significant behavior change.

The digital audio market represents the least cluttered space in mobile advertising, while providing deep targeting capabilities that are equivalent to other ad units. Exclusively available within an audio content experience, digital audio ads are native, above the fold and rarely avoided by consumers. For marketers, digital audio provides a necessary, unique, highly measurable and accountable component of the media mix. It is a channel that offers reach in scale on its own when targeting millennials or reaching broader demographics when in combination with legacy audio choices.

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The demand for digital audio is growing, and research supports this. Edison Research and Triton Digital's Infinite Dial 2015 study showed that an estimated 115 million Americans listened to online radio and streamed audio content in the last week – a 22% increase over the prior year!

The IAB and the members of its Digital Audio Committee have pursued a goal of educating marketers and agencies about audio advertising opportunities, and discussing best practices and guidelines for reducing operational costs while driving sector growth. With this Buyer's Guide, the Committee aims to answer questions that creatives, planners and buyers may have about investment in digital audio advertising.

Terminology: What do we mean by "Digital Audio"?

An initial question often posed is, "what is digital audio?" It's a great question, because digital audio covers a broad and dynamic array of services offered to consumers.

For the purposes of this report, "digital audio" refers to partially or entirely advertising-supported audio programming available to consumers and delivered via the wired or mobile Internet. This definition covers a wide range of service:

• Broadcast AM/FM radio stations online;

• Purely online radio stations;

• Streamed audio content, with selections influenced by consumer input (which may also be available offline);

• Audio on-demand programs (commonly referred to as podcasts), which are downloaded to a device for later listening (which may be accessible via the publisher, third parties, or across multiple platforms)

There is no consistency on the terminology used in the industry to describe digital audio or its component parts. Throughout this paper, the term "digital audio" will be used as per the definition above, however in certain cases, the studies and sources we've referenced utilize alternate terms, such as "internet audio" or "digital radio". In the case of specific quotes and figures, the original verbiage has been maintained as much as possible.

Digital Audio's Market Opportunity

The Digital Audio market is growing rapidly. Advertisers have recognized this and moved into this market for five key reasons:

• Large Audience Reach

• Positive Shift in Audio Time Spent Listening

• Easy Access to Mobile Consumers

• Favorable Demographics

• Full Measurability of Impressions and Engagement

Large Audience Reach
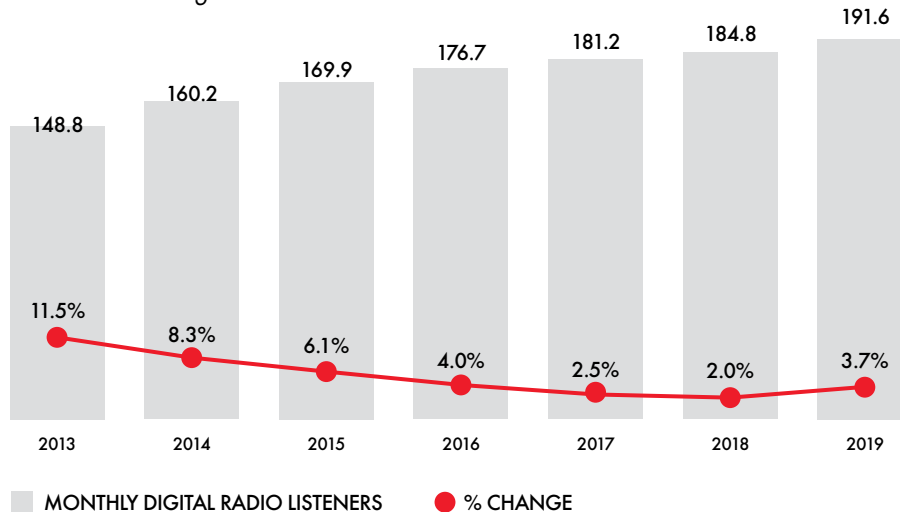
More than 50% of the U.S. population is now accessing digital audio each month. In past years, the main story about digital audio was its rapid growth. The growth is still there, but the bigger story for advertisers is that sizeable audiences are now reachable. eMarketer reported in 2015 that Digital Radio listening had reached more than 169 million people in the United States each month.

US Monthly Digital Radio Listeners, 2013–2019
millions and % change

MONTHLY DIGITAL RADIO LISTENERS   ● % CHANGE

Note: internet users of any age who have listened to digital broadcasts of terrestrial radio stations, digital-only radio stations or audio podcasts via any device at least once per month

Source: eMarketer, Feb 2015

Despite the inconsistency in terminology, research points to the same conclusion: digital audio is growing. With continued growth, the monthly audience for Digital Radio is expected to exceed 190 million by 2019 - a 19.6% increase over 2014. According to Edison Research and Triton Digital, in 2015, 72% of consumers in the 18-34 age group listen to online radio each month, and 67% of the 18-49 age group listen to online radio each month. Advertisers need consumer reach and interested in aligning their brand with music and spoken entertainment because of their outsized position in popular culture. In the past, broadcast radio was the only channel available to achieve this objective. Today, Digital Audio provides access to large audiences and the ability to coordinate marketing with music tastes and spoken word niches even more closely.

Shift in Audio Time Spent Listening

Not only are more people listening to Digital Audio, they are also listening for longer periods. A review of Triton's Top 20 Ranker of Digital Audio (2014) showed a weighted average session length of around 38 minutes, which is about four times longer than traditional radio listening sessions. This increased consumption creates additional time and space for brands to sponsor audio content that's consumed based on moods and emotions.

There are several studies that show the time spent listening to digital audio is increasing. Edison Research and Triton Digital in the 2015 Infinite Dial revealed that Internet radio listeners had increased weekly listening time at a 13.5% compound annual growth rate between 2008 and 2014.

> **Average time 'Weekly Online Radio Listeners' spend listening to Online Radio**
> *Hours:Minutes*

Year	Time	People
2008	6:13	33 million people
2009	6:31	43 million people
2010	8:02	44 million people
2011	9:17	57 million people
2012	9:46	76 million people
2013	11:56	87 million people
2014	13:9	95 million people
2015	12:53	119 million people

Online Radio = Listening to AM/FM radio stations online and/or listening to streamed audio content available only on the internet
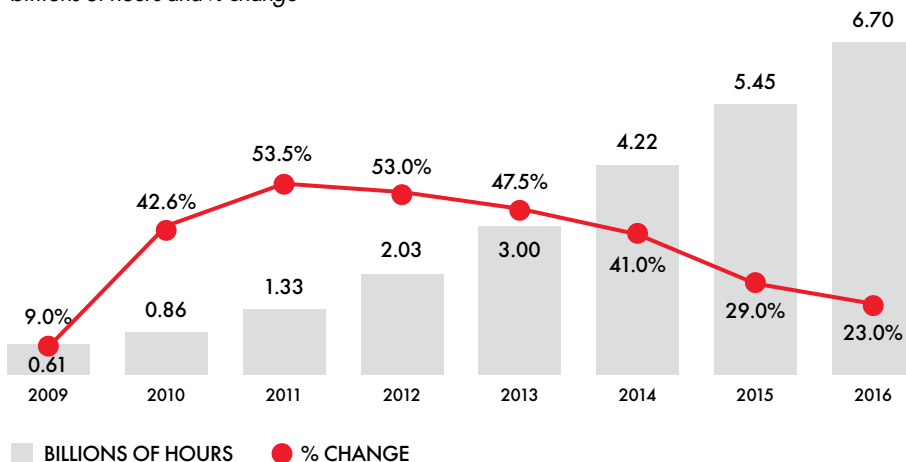
Base: Weekly Online Radio Listeners

Source: the 2015 Infinite Dial by Edison Research and Triton Digital

That is the trend for the most active listeners. For more casual monthly listeners the growth rate is even higher. eMarketer reported on an AccuStream Research report that indicated the past five years have delivered a 47% compound annual growth rate in listening time across all listeners at several leading services.

> **US Average Monthly Digital Music Listening Hours, 2009 – 2016**
> *billions of hours and % change*

Year	Billions of Hours	% Change
2009	0.61	9.0%
2010	0.86	42.6%
2011	1.33	53.5%
2012	2.03	53.0%
2013	3.00	47.5%
2014	4.22	41.0%
2015	5.45	29.0%
2016	6.70	23.0%

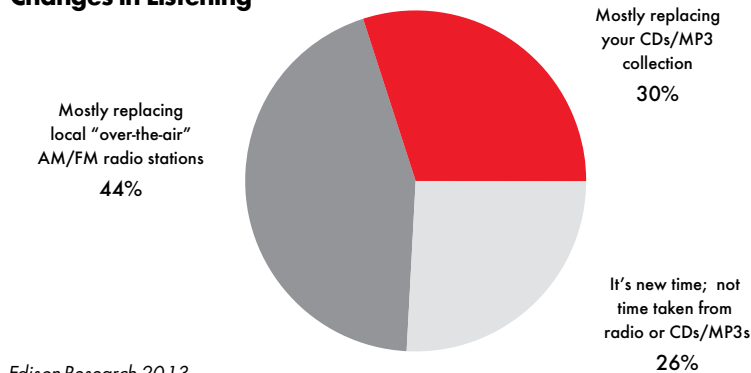BILLIONS OF HOURS   ● % CHANGE

Note: includes Shoutcast and track play hours via Napster, Pandora and Rhapsody: includes ad-supported, mobile and subscription

Source: AccuStream Research,"Streaming Radio, Curated Station and Track Playing Music: Listening Hours and Revenues Analytics 2013 − 2016," Dec 5, 2013 via eMarketer

Where is this listening time coming from? Again, Edison Research provides some insight from its in-depth customer interviews in 2013. As expected, a significant portion is displacing time previously spent consuming audio through traditional sources such as broadcast radio (44%) and personal music collections (30%). However, about a quarter of listeners (26%) suggested that Digital Audio was "new time" indicating it represented an overall increase in audio consumption.

Changes in Listening

Mostly replacing
local "over-the-air"
AM/FM radio stations
44%

Mostly replacing
your CDs/MP3
collection
30%

It's new time; not
time taken from
radio or CDs/MP3s
26%

Edison Research 2013

Source: Edison Research Streaming Audio Task Force, Summer 2013

The takeaway for marketers is that consumer usage of Digital Audio is increasing at a rapid rate, it is changing consumer listening habits and it is an important place for brands to have a presence.

As an added note of interest, a recent study by comScore and Spotify found that 70% of streaming audio listeners, and 49% of non-streaming audio listeners listen to music without engaging in any other activity, indicating that streamers treat listening as an activity in and of itself.
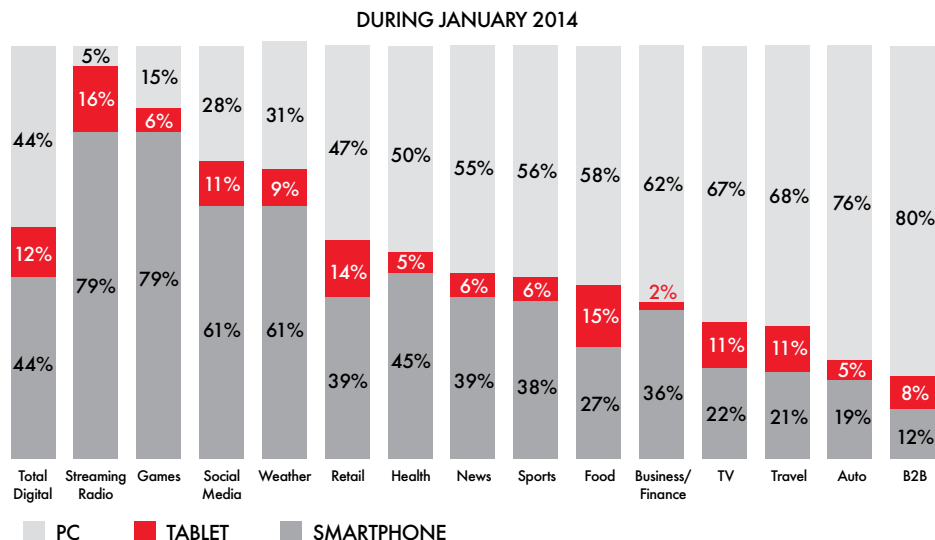
Easy Access to Mobile Consumers

Another key opportunity for marketers is reaching mobile consumers. Time spent on mobile is increasing each year and it has become a more important channel for consumer reach. When it comes to a channel for mobile consumers, Streaming Radio comes out on top according to 2014 research by comScore and Millennial Media.

Share of Online Time Spent, by Device and Content Category
% share of online time spent by online adults aged 18+ in the US

DURING JANUARY 2014

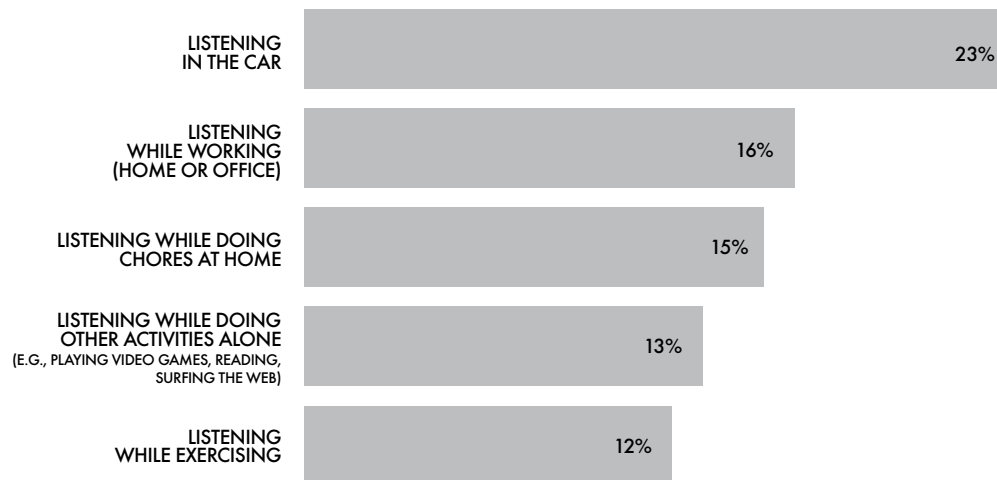| Category	PC	TABLET	SMARTPHONE
Total Digital	44%	12%	44%
Streaming Radio	5%	16%	79%
Games	15%	6%	79%
Social Media	28%	11%	61%
Weather	31%	9%	61%
Retail	47%	14%	39%
Health	50%	5%	45%
News	55%	6%	39%
Sports	56%	6%	38%
Food	58%	15%	27%
Business/Finance	62%	2%	36%
TV	67%	11%	22%
Travel	68%	11%	21%
Auto	76%	5%	19%
B2B	80%	8%	12%

■ PC   ■ TABLET   ■ SMARTPHONE

Source: comScore/Millennial Media retrieved via MarketingCharts.com

Mobile audio also has a distinct advantage over other media because it can easily be consumed while on-the-go. "Ultramobile activities" such as driving, walking, exercising and working don't allow for visual advertising engagement. By contrast, digital audio complements these activities well and is an important opportunity for brands to engage consumers when they are not distracted by competing visual advertisements.

In fact, Nielsen estimates that 79% of audio consumption takes place while people are engaged in activities where visual media cannot reach them. These experiences range from driving and exercising to working, playing games and doing household chores. Digital Audio is uniquely positioned to reach mobile consumers.

> **Portion of Time Spent with Music Each Week**

LISTENING IN THE CAR	23%
LISTENING WHILE WORKING (HOME OR OFFICE)	16%
LISTENING WHILE DOING CHORES AT HOME	15%
LISTENING WHILE DOING OTHER ACTIVITIES ALONE (E.G., PLAYING VIDEO GAMES, READING, SURFING THE WEB)	13%
LISTENING WHILE EXERCISING	12%

How to read: 23% of all weekly time spent listening to music happens in the car.
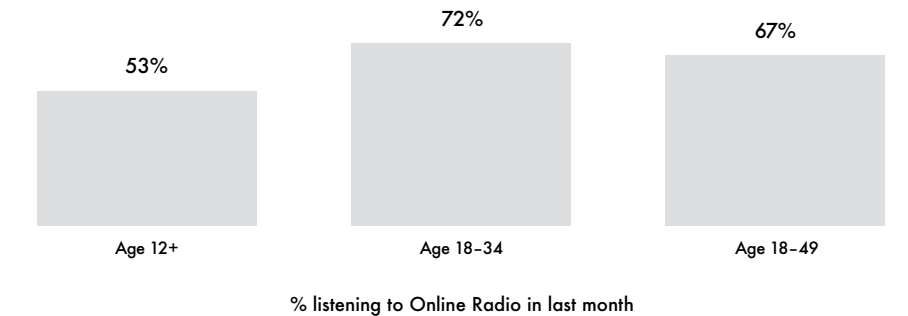
Source: Nielsen

Many audio experiences are also automatically optimized for this increasing variety of mobile scenarios. A natural benefit of digital audio is that advertisers and content producers do not have to worry about screen sizes or optimizing for different platforms; digital audio is a one-size-fits-all advertising vehicle for mobile.

Favorable Demographics of Digital Audio

Digital Audio is used widely across age groups. However, it has particularly strong usage in the coveted 18-34 age group where consumers are starting to make choices about brands that can last a lifetime. The 2015 Infinite Dial by Edison Research and Triton Digital found that 72% of 18-34 year olds listened to online radio monthly.

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> **Monthly Online Radio Listening**
> *(Age)*

53% — Age 12+
72% — Age 18–34
67% — Age 18–49

% listening to Online Radio in last month

Online Radio = Listening to AM/FM radio stations online and/or listening to streamed audio content available only on the internet

Source: 2015 Infinite Dial by Edison Research and Triton Digital

In fact, when you look at 12-24 year old voters, Edison data indicates that 75% use Internet Audio monthly. Taken together these cohorts represent the 80 million millennial consumers that is the largest population group in U.S. history. Although Digital Audio has shown particular strength among younger listeners, its reach is strong among all demographics including 21% of adults 55 and older.

Fully Measurable Impressions and Engagement

Advertises have noted that Digital Audio's ability to report actual audience impressions and ad engagement is a plus. A Nielsen survey for the CMO Council in late 2014 showed that 95% of marketing executives would increase their digital brand spending if there were metrics to verify results. Because Digital Audio is a fully online medium, there is no guesswork or sampling required to estimate the reach of a campaign. The data is all reported and can be verified by third party ad tracking services. This can be an important element of campaigns where assured ad delivery is critical.

In addition, the fully measurable aspect of Digital Audio also introduces demographic and behavioral targeting opportunities. For marketers looking to achieve reach, frequency, engagement, targeting and measurability all in a mobile friendly package, Digital Audio presents a unique opportunity to support advertising campaigns.

Monetization and Platforms

Technically, What is Digital Audio?

Digital audio is the storage, transmission and consumption of audio over IP, depending on hardware and software to code and decode music or sound files. The use of metadata tagging allows the files to be searchable based on editable parameters including, but not limited to, sound file content title, length and author. The two primary types of content associated with digital audio are music and spoken word.

Distribution platforms include publisher owned and operated desktop and mobile apps, which include music services, AM/FM simulcasts, audio content aggregators, and on-demand and time-shifted content like podcasts.

Emerging digital audio consumption and delivery platforms include the connected car, standalone consumer electronic appliances, and Over-the-Top (OTT) and Internet Protocol Television (IPTV) technology.

Digital Audio available on tablets, desktops, and mobile.

Types of Listener Consumption

Online Listening

Digital Audio services offer a variety of ways through which listeners can consume audio content. Music and other audio services may include connected experiences around entertainment properties (i.e. TV shows), news, comedy, personalities, and the like.

A unicast is a playlist-driven stream with skipping abilities. Interactive content selection allows listeners to choose the piece of content to consume at any time and create custom playlists.

Pureplay audio providers enable listeners to consume audio in a similar fashion to AM/FM radio stations, but do not own or operate a local AM/FM radio station and simulcast content in the same interactive, linear fashion.

Simulcast live radio enables radio stations to deliver selected programs or entire channels over-the-air and online.

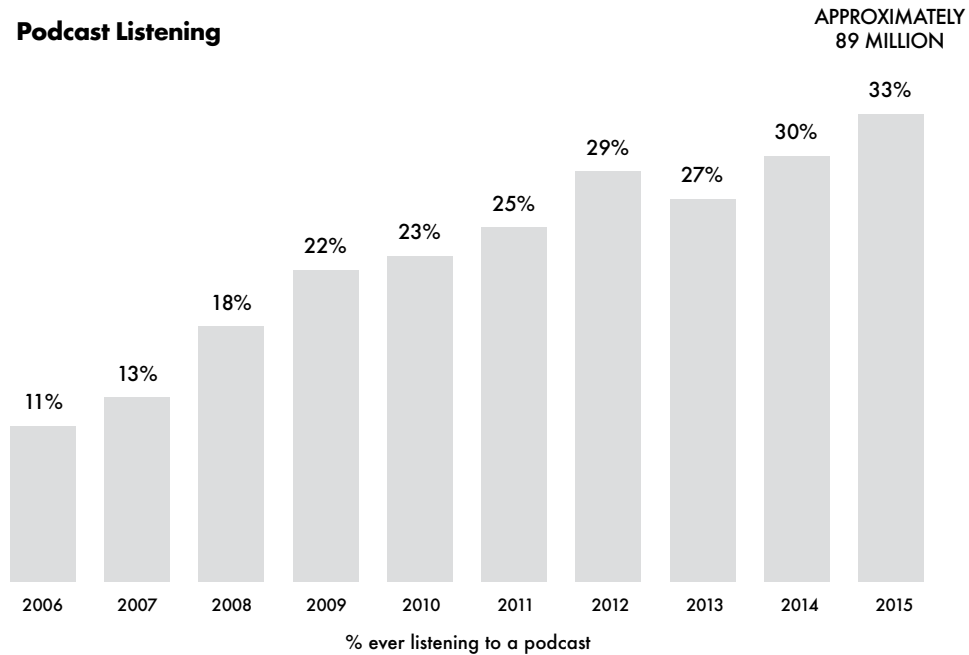### Audio On-Demand / Podcasts

Since its inception in the early 2000s, Podcasting has grown from an Apple specific product <podcasting> to a cross platform digital audio product universally called audio on-demand. While numbers are not publicly available, industry estimates suggest that iTunes maintains a 65 – 70% share of audio on-demand listenership. Other on-demand distribution platforms catering to both iOS and Android systems are also emerging.

Podcasts/Audio On-Demand are downloadable, time-shifted content typically presented in an episodic series and can be consumed offline. This cached/offline audio content enables the listener to consume audio content which is downloaded or cached to their mobile device for offline listening.

Fresh data for The Infinite Dial 2015 study shows 10% year over year growth for the percentage of people indicating they had listened to a Podcast. This represents some 89 million people or a full 1/3 of the population.

> **Podcast Listening**

APPROXIMATELY
89 MILLION

Bar chart: % ever listening to a podcast

- 2006: 11%
- 2007: 13%
- 2008: 18%
- 2009: 22%
- 2010: 23%
- 2011: 25%
- 2012: 29%
- 2013: 27%
- 2014: 30%
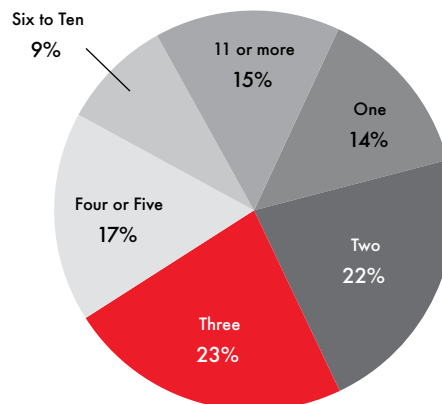- 2015: 33%

% ever listening to a podcast

Base: Total Population 12+
Source: the 2015 Infinite Dial by Edison Research and Triton Digital

Approximately 10% of the population or 27 million people are estimated to listen to Podcasts weekly and those that do listen to an average of 6 Podcasts a week.

> **Number of Podcasts Listened to in Last Week**

Pie chart:
- Six to Ten: 9%
- 11 or more: 15%
- One: 14%
- Two: 22%
- Three: 23%
- Four or Five: 17%

Base: Weekly podcast listeners
Source: the 2015 Infinite Dial by Edison Research and Triton Digital

Audio On-demand provides buyers a variety of unique audio advertising opportunities, including:

- Personality Endorsement or Native audio ads, live and pre-recorded
- Billboard and sponsorships of episodes and shows
- Custom content including specially created, personality driven on-demand episodes tailored around a product promoted directly from the brands website.
- Display and social '360' advertising opportunities with synced display
- Dynamic 1 to 1 pre-roll and mid-roll audio ads with full targeting capabilities including geotargeting and ad tracking.

At the time of publication, the IAB's Podcast Working Group – a subset of the Digital Audio Committee – has been working on a separate educational white paper about ad-supported podcasts and audio on-demand. Stay tuned to IAB.net or @iab on Twitter for alerts as to when this paper will be released to industry.

Ad Types

Advertising in digital audio generally means inserting an audio ad into the stream of content.

Linear audio ads typically demand full audible attention from the listener because the ad takes over the audio experience entirely for a bounded duration of time. In some cases, publishers will offer a set of ad pods, which deliver a set of sequential linear ads, similar to what is found on Broadcast AM/FM and Broadcast TV scenarios.

Digital audio ads can be delivered in a broadcast (one to many) or unicast (one to one) manner. Audio ads delivered in a broadcast manner follow content regardless of distribution platform. In the case of unicast ads the distribution of content can be separated from delivery of the ads.

Within digital audio, there are often opportunities that surround the player environment. It is also common to find companion ads in the form of synced banner ads and/or synced video ads.

See the "Digital Audio Ad Samples" on pages 15-18 of this guide, as well as expanded audio creative samples online at www.iab.net/audiobuyersguide.
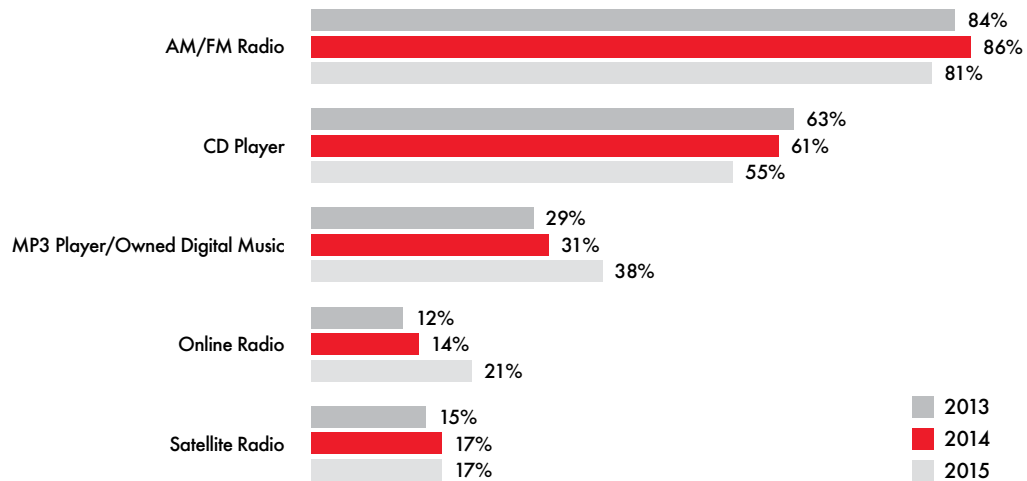
Ad Tracking Capabilities

Given the nature of the environments in demand for audio content, audio player software and devices along with their capabilities play a big role in how ads are served and tracked in digital audio. Players can range from full-featured, such as a browser based player or device-native application, complete with visual components, to a limited, or "thin," client such as a car stereo with only the ability to play an audio stream. Similar to other digital advertising mediums, most publishers are able to support third party ad serving and tracking for digital audio streaming ads. Audio playback triggers the tracking pixels that are needed to report impressions and events by both the publisher and 3rd party ad servers based on the listener's activity, and within compliance with IAB measurement guidelines.

Mobile and In-car listening

The Connected Car market is drastically changing the way listeners experience audio offerings beyond the traditional AM/FM dial. The Infinite Dial 2015 report indicated a 50% increase for listening to Online Radio in the car; such growth seems to be coming at the expense of both the CD Player and AM/FM Radio. As greater scale comes to the space via connected cars, rich new opportunities emerge for advertisers to target hyper-locally.

Audio Sources Used in Primary Car

AM/FM Radio
- 84%
- 86%
- 81%

CD Player
- 63%
- 61%
- 55%

MP3 Player/Owned Digital Music
- 29%
- 31%
- 38%

Online Radio
- 12%
- 14%
- 21%

Satellite Radio
- 15%
- 17%
- 17%

Legend:
- 2013
- 2014
- 2015

% currently ever using medium in the primary car

Base: Each 18+ and Driven/Ridden in car last month

Source: 2015 Infinite Dial Study. Edison Research and Triton Digital; Base: A 18+ Driven/Ridden in car in past month

A user's smartphone powers this connected car experience.

A digital dashboard in a connected car.

Audio Advertising Creative Best Practices

Linear ads and ads served inside an ad pod generally mirror the offerings of traditional Broadcast AM/FM Radio. Ads delivered on mobile devices tend to run on the shorter side.

Generally, with standard digital audio ads, there is content (music or talk) interspersed with occasional ad breaks. In the case of talk-heavy formats and many on-demand or podcast scenarios, an ad may be integrated into the content in the form of a live-read, or specially scripted and recorded spot by the program's host or personality.

In the case of Broadcast AM/FM simulcasts, ads played over the air are either replaced or simulcast as aired. Typically, the length of these spots fall within the following length variations:

Pre-roll - :05-:15 seconds
Mid-roll - :05-:60 seconds
Post-roll - :05-:60 seconds

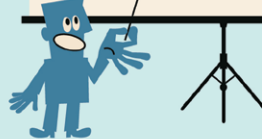## IAB Creative Best Practices for Digital Audio Ads

Copy and Messaging

CONTENT
- Describe your value proposition
- Provide a clear call-to-action if that is your intent ("click now", "tap to call", and so on). The action should be simple and to the point.

OBJECTIVE
- Determine your audience, and consider your desired response

TONE
- Digital audio provides an exclusive environment; you do not need to shock your listener
- Deliver your message in a conversational tone

LENGTH
- Aim for a steady, clear pace
- Avoid adding language and increasing speed
- Average copy length should be roughly 40 words for a 15 sec message, and 85 words for a 30 sec message.

RECORDING
- Introduction - call out to your audience (creating a 1-1 conversation)
- Speak your call to action in the first 10 sec
- Mention the brand or promotion in the first 15 sec
- Music beds: An ad without music signals more clearly that an ad is playing. However, if a music bed fits with your overall ad campaign, it can provide consistency within the listener's audio experience.
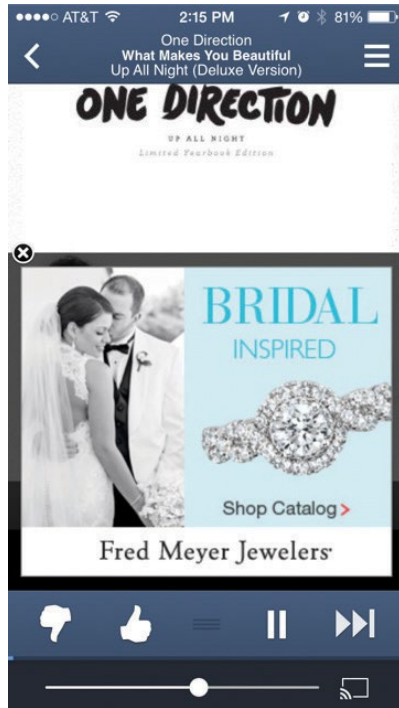
Digital Audio Ad Samples

Digital Audio ads can take many forms. The nature of purely digital audio ads limits the ability to demonstrate such ads in a printed format.

Over the following pages, please find several visual examples of integrated digital audio ads that are also supported visually. Go to www.iab.net/audiobuyersguide to experience a variety of digital audio ad samples.
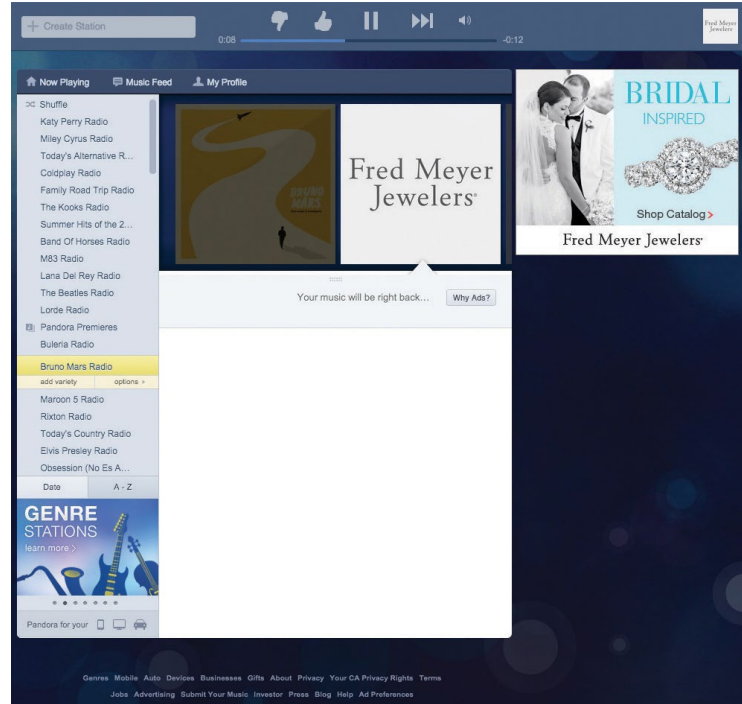
Mobile and companion banners

Some digital audio channels can run a synched or companion display banner while a related audio spot is running. These banners follow the same ad specs as standard display banners, and may be synched across desktop or mobile environments.

Mobile companion banner; Source, Pandora

Desktop display banner; Source, Pandora

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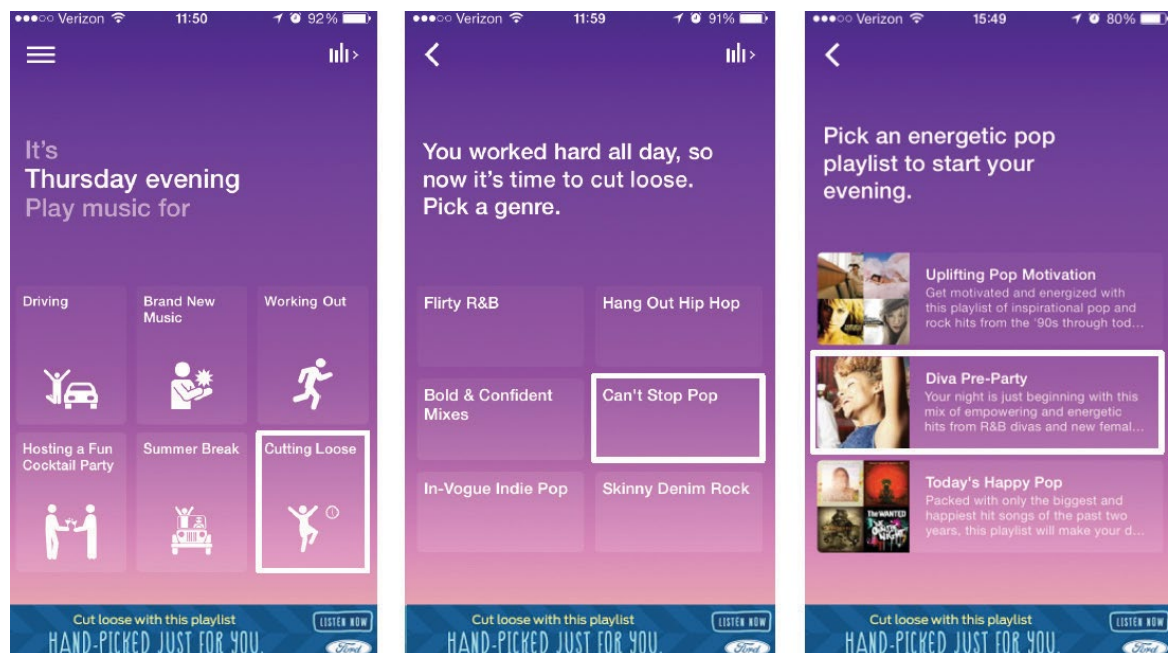## Native Audio – Visual Examples

Native or branded content can live quite naturally in many digital audio environments. Below, branded stations or mixes enable marketers to align their messaging with humorous or inspirational content, on desktop or on mobile.

Native audio for desktop: branded station; Source: iHeart Media

Native audio for mobile: branded moment; Source: Songza/Google Play

Mobile "go to" voice activated ad example

Technologies are developing where device-activated mobile actions synch with content, driving further interactivity for brands and consumers.

Interactive mobile: listen now, go to; Source: XAPPmedia

Planning and Buying

Inventory Scale

The growth of digital audio has been steep and consistent, now with more than 150 Million listeners per month. And because digital audio advertising is found on specific types of websites and apps when compared to display and video (which can be found across almost any type of content destination), digital audio has unique characteristics including scarcity, concentration, and a lower volume of ads in many instances. These characteristics give buyers the ability to efficiently reach large audiences by working with a smaller set of media companies.

With display advertising, there are traditionally two to three ads on almost every content-based web page and at least one ad on almost every content-based mobile destination. With over 250 million US Internet users and hundreds of millions of websites, this equates to trillions of display ad impressions. For 2014, comScore Ad Metrix reported approximately 3.6 trillion display ads on PCs in the US. With the addition of mobile display ads, the estimate is more than 5 trillion display ads for the year. Conversely, with digital audio, only specific types of websites, apps and media players have audio listening capabilities and within these destinations, audio ads have a natural, timed sequence (varies by publisher) and are not pervasive throughout a media consumption session. Because of this, there are naturally less advertisements within audio as compared to other digital mediums.

According to Triton Digital's Webcast Metrics, there are roughly 200 billion digital audio ad impressions available in the U.S. per year equating to a fraction of the number of display ads equaling a 25 to 1 display ad to audio ad ratio. However the overall audience who consume display impressions (250M) compared to the overall audience who consumes digital audio impressions (150M) is less than 2 to 1. This makes digital audio efficient by enabling advertisers to reach a large online audience within an environment with fewer ads.

Entities

- The landscape of companies participating in digital audio is similar to the types of companies pervasive throughout the digital landscape in general. This includes:

  - **Direct Digital Audio Publishers –** Companies that form a direct relationship with a consumer as branded providers of digital audio content.

  - **Content Aggregators/Portals –** Companies that create a direct relationship with consumers by offering a catalogue of content from multiple digital audio publishers under one consumer brand.

  - **Digital Audio Platforms/Networks –** Similar to display, video and mobile, a digital audio platform/network is one that aggregates ad space supply from publishers and matches it with advertiser demand using a central ad server to deliver advertisements to consumers, which enables targeting, tracking and reporting of impressions.

  - **Advertising Representative Firms –** Like traditional 'rep firms,' this type of entity acts as an outsourced advertising sales force that sells the advertisements for one or more digital audio publishers.

Capabilities

- **Targeted Advertising –** similar to display and video advertising, the four main ways to reach an audience is through geographic, demographic, contextual and behavioral targeting.

  - **Geographic –** Targeting users based on geography can be handled in one of three primary ways in digital audio:

    - IP targeting based on the Internet Protocol address of the listener

    - Registration data using the address supplied by a user in cases where the digital audio service requests or requires registration

    - Location of Broadcast AM/FM station. These vary in accuracy and advertisers should note that given the nature of digital audio, where you can listen to a stream with internet access from anywhere in the US, with terrestrial station's programming delivery online could find listeners very distant from its home market

  - **Demographic –** Targeting users based on demographics can be handled in one of three primary ways in digital audio:

    - Content targeting based on popular formats that map to listening habits of age ranges and gender

    - Registration data using the birthdate information that supplied by a user in cases where the digital audio service requests or requires registration

    - Behavioral targeting using data obtained by a user's web browsing history, transactions performed where the user supplies a birthdate or other demographic identifiable information

  - **Contextual –** Similar to demo targeting, the genre of a given digital audio station creates a context that can help determine the audience, and, hence, create avenues to better target customers

  - **Behavioral/Psychographic Segmentation –** Target digital audio listeners using information collected from an individual's web-browsing behavior, registration data, modeling and more

"Keep in Mind"

As with all forms of targeted advertising, buyers and sellers should pay close attention to the implications for consumer privacy and be aware of industry best practices and self-regulatory codes, such as the Digital Advertising Alliance Program.

Success Metrics

Brand and advertising agency expectations and levels of accountability for digital audio are different from traditional radio. Audio has always been considered a very strong response medium, but since Digital Audio is digital in nature, buyers expect to track, target and attribute success to campaigns with tactics similar to other forms of digital media.

Campaign Delivery

The most basic form of measuring a campaign's success is the percentage of campaign delivered. Digital Audio delivery is measured by impressions or by Target Rating Points (also known as TRPs, which are derived from impressions). Unlike survey-based, offline media, Digital Audio delivery is confirmed at the most granular, 1:1 level. Delivery can be confirmed directly from the publisher or ad network's server or through third-party verification methods. Either way, only impressions served are counted as impressions delivered.

How Does DAAST Work?

1 The Digital Audio content provider programs its systems to recognize and execute DAAST ad tags

2 A consumer plays audio on their player or app

3 The player makes a request for an ad at specified ad breaks, such as every 30 minutes or every 10th song

send ad please

send ad please

send ad please

4 The audio ad vendor sends the DAAST ad to the player

5 The player plays the ad, uniquely targeted to that consumer based on user or geo-data

6 The player tracks the ad experience and notifies the ad vendor as well as other parties specified in the DAAST ad

Delivery and DAAST

The digital audio industry has suffered from a lack of standardization when it comes to delivering digital audio ads. On one hand, this has fostered innovation to develop new and unique ways to serve audio in a display-centric world. On the other hand, it has limited industry growth due to fragmented technical solutions and proprietary software.

Traditional ad serving only supports client-side tracking (counting a response that comes directly from the client, or device). Standard client-side tracking is only possible on players (web and native) built or controlled by the publishers. However, an important part of the listening experience, mainly for traditional radio streams, comes from aggregators and software players. In such cases, server-side tracking (counting from a server on behalf of the client) is utilized to account for served audio ads, using ad-stitching technologies.

IAB's Digital Audio Ad Serving Template, or DAAST as it's commonly referred to, accommodates both approaches, making all delivered audio ads count. More information on DAAST can be found at www.iab.net/DAAST.

Verification

Standard ad verification technologies are built around browser-based display or video impressions. Even though these verification mechanisms can be fired on browser-based players, it is important to note that the delivery of digital audio does not rely on a visual component. So, we would not recommend utilizing display-centric verification technologies. You should simply rely on ad server confirmation following the DAAST integration.

Conversion & Attribution

Initially, Click-Through Rate (CTR) emerged as the method of measuring conversion rates and attributing success to a Digital Audio campaign. However, CTR relies on the ability to view/click the banner and falls short of measuring the effectiveness of an audio ad. While CTR is still a common KPI, more brands and agencies recognize that brand engagement often takes place well after the audio ad is heard and often on a different device.

Click-Through and Last-Click Attribution can be utilized, but post-listen attribution is preferable and will ultimately be more accurate. Note that post-listen attribution relies on cookie-sync or deviceID-sync.

As more listening takes place on-the-go through the mobile device, technology is emerging that allows listeners to engage with a brand via voice response, rather than tapping the screen.

Digital audio brings together two worlds: the digital media world and the traditional radio world. This causes challenges from a measurement perspective, making it difficult to directly compare digital to traditional, and streaming to on-demand ads. However, efforts are being made to address these challenges.

While a standard for measuring audio impressions has not yet been developed, an effort led by the Media Rating Council (MRC) is working to release a Digital Audio Measurement Guideline. In the meantime, sellers of digital audio ad inventory should be transparent about how they define audio impressions until an industry standard definition is formalized.

Closing and the Future: What's on the Horizon for Digital Audio?

When it comes down to it, digital audio offers marketers a tremendous reach into the American media market. The 2015 Infinite Dial study by Edison Research and Triton Digital indicates, for the first time, that more than half of all Americans aged 12+ listen to digital audio each month.

The familiarity found in such a conversational advertising medium, mirrored with the exclusive and often personal nature of digital audio consumption, lends natural interest in the growing medium.

As the digital audio medium continues to grow, the market may develop enhanced capabilities for attribution, audibility, effectiveness research, and increased interaction among coordinated audio, mobile, display and video content and advertising. Current innovation may lead to increased interest in programmatic audio and similar automation, while the connected car may provide additional options for consumers' enjoyment of digital audio entertainment in-transit.

ADDENDUM

Further Reading

IAB's Digital Audio Ad Serving Template (DAAST): www.iab.net/DAAST

A Selection of Digital Audio Ad Samples: www.iab.net/audiobuyersguide

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Common Digital Audio Advertising Terms

A glossary of basic and commonly used terms in audio, with everything you need to know in alphabetical order:

ACTION – Metric that indicates how many times listeners completed an action on the marketer's website after being exposed to an audio ad.

ACTIVE SESSIONS (AS) – Number of sessions (with duration of at least one minute) that were active within the daypart/time period.

AGGREGATOR – Firms that collect multiple digital audio channels into larger entities, increasing reach and making them of greater interest to advertisers.

AUDIO IMPRESSION – Metric that indicates the number of fully delivered ads.

AVAIL – The commercial position in a program or between programs on a given station or network available for purchase by an advertiser.

AVERAGE ACTIVE SESSIONS (AAS) – The average number of listeners (with duration of at least one minute) during the daypart/time period.

AVERAGE QUARTER HOUR (AQH) – The average number of persons listening to a particular station for at least five minutes during a 15-minute period.

AVERAGE QUARTER HOUR (AQH) RATING – A rating calculated by dividing the AQH listening in the relevant daypart and demographic by the base population in that demographic.

AVERAGE TIME SPENT LISTENING (ATSL) – The average length of each session (with duration of at least one minute) within the daypart/time period.

BANNER IMPRESSION – Metric that indicates how many display companions were delivered along with the audio ad.

CLICK-THROUGH – Metric that indicates how many times listeners followed the link associated with a banner ad.

CLICK-THROUGH ATTRIBUTION – KPI measuring the effectiveness of an audio ad based on the ratio of Audio Impressions and Click-Throughs.

CONTENT DISTRIBUTION NETWORKS (CDNS) – Vendors that provide the technical heavy lifting of moving streamed digital audio content around the Internet and ensuring scalability and performance for listeners.

CONVERSION ATTRIBUTION – KPI measuring the effectiveness of an audio ad based on the ratio of Audio Impressions and Actions.

CUME – The count of unique listeners during the specified time period (with sessions lasting at least one minute in duration).

CUME RATING – A rating calculated by dividing the weekly average Cume in the relevant daypart and demographic by the base population in that demographic.

DIGITAL AUDIO – Audio programming available to consumers on a streaming basis, delivered via the wired and mobile Internet.

EFFECTIVE REACH – The average number of people that will hear a commercial at least three times during a campaign.

FREQUENCY – is the average number of times an individual has an opportunity to hear an advertising message during a period of time.

LISTENER TRACKING METHOD – A method of collecting data through client side measurement directly from the web based player or mobile device.

PODCASTS – A podcast is an audio program that listeners can access on portable devices or their computers in an offline mode.

POST-LISTEN ATTRIBUTION – KPI measuring the effectiveness of an audio ad based on the ratio of Audio Impressions and Visits.

PUREPLAY STREAM – Personalized and on-demand, streamed audio services that create playlists based on user preferences of artists, tracks, or genres.

REACH – The number of different persons in the audience of a specified advertising campaign, station, network, or syndicated program.

SATELLITE – This system transmits audio with orbiting communication satellites rather than ground-based transmission.

SESSIONS STARTED (SS) – The number of streams (with duration of at least one minute) within the daypart/time period.

SHARE OF VOICE – The percentage of total advertising weight per brand in a competitive set.

TERRESTRIAL STREAM – Live digital audio streams of terrestrial (also known as Broadcast AM/FM) radio stations.

TIME SPENT LISTENING (TSL) – The average amount of weekly time spent listening by an individual user within the daypart/time period. An individual user's discreet sessions are added together to calculate total weekly TSL.

TOTAL LISTENING HOURS (TLH) – Total number of hours streamed during sessions (with duration of at least one minute) within the daypart/time period.

UNIQUE LISTENERS – The number of unduplicated people listening to a given online audio program, piece of content, or advertising message. Typically 'listeners' and 'streamers' are interchangeable.

VISIT – Metric that indicates how many times listeners visited the marketer's website after being exposed to an audio ad.

VOICE CLICK-THROUGH – Metric that indicates how many times listeners respond to Interactive Audio Ads by speaking to connect with advertiser offers by automatically initiating call, a video view, request an email, webpage open, content selection or similar action on a mobile device.